

## Policy Requirements for a Circular, Competitive and More Autonomous EU Chemical Industry

### The role of the chemical sector in a circular economy

The chemical sector, often considered the mother of all industries, envisions itself at the heart of Europe's future circular economy. By focusing on circularity in material & product design through longevity, reusability, repairability, recyclability, and revalorising low-value resources, the chemical industry provides innovative solutions that benefit both itself and downstream sectors like automotive, building & construction, electronics, textile, agriculture and retail. This helps downstream industries become more circular, positioning the chemical industry as a key player in fostering a circular society.

Cefic defines the circular economy as *“a systems approach involving industrial processes and economic activities along the whole value chain that are restorative or regenerative by design, aiming for a climate-neutral and/or resource-efficient economy by maintaining the value of products, materials, and resources as long as possible.”*

In the *“Molecule Managers”*, a mid-century vision for Europe's future has been outlined, the possibility of achieving a so-called “super-circular economy” was introduced as a high-level visionary concept for 2050 in which chemistry plays a central place, along with a description of the steps to get there. Many additional steps are still necessary to reach that visionary perspective of circular economy. The EU Transition Pathway for the chemical industry highlights the importance of circular feedstocks. Cefic's Safe and Sustainable by Design guidance includes principles for designing safe and sustainable products, considering end-of-life and circularity aspects. The Antwerp Declaration emphasises the importance of clear and predictable EU industrial policy and reinforced the strategic need to keep foundational and energy-intensive industries within Europe. Creating a business case for investment in Europe and boosting the demand for circular materials was correctly recognized as a prerequisite to meeting the ambitious goals of the Green Deal.

In 2025, the Cefic-UNITY study *“Accelerating the Circular Transformation: Insights, Challenges, and Pathways for the Chemical Industry and Beyond”* was released to showcase the progress made by the European chemical sector in the circular economy and to identify additional needs for further transitioning towards a circular economy.

### A European circular economy in a global context

There is a clear understanding that circular economy plays an essential role beyond waste management and focusses on optimal resource use, as such being a critical element for the EU's strategic autonomy and raw material's security. The European Union has been committed to circular economy for a long time, with efforts reflected in the multiple policies that emerged from the Circular Economy Action Plan (CEAP). The CEAP introduced numerous initiatives, but the focus on quantity over quality led to challenges in implementation, as they were not always practical, implementable, feasible, enforceable, and achievable.

In the current context, marked by Europe's lack of competitiveness driven by relatively high energy prices, economic stagnation, and companies increasingly moving their production assets outside the EU, the creation of a market for circular and sustainable products is essential. This will help make circular solutions competitive and keep this strategic industry in Europe. Circular economy projects face significant financial challenges due to a lack of demand, a challenged competitiveness, enabling regulatory frameworks, and public funding support.

These factors increase risk and worsen project economics, making the business case for investments unattractive. Alignment of all policies behind the EU's objectives is therefore crucial to deliver a thriving European chemical industry that is both more circular and competitive.

Europe should also strengthen its strategic autonomy not only for critical raw materials but also for chemicals and plastics through incentivising European-sourced circular carbon feedstock or feedstocks complying with comparable standards in products placed on the EU market. This would strengthen the single market, the strategic autonomy and the competitiveness of Europe. It would also support the creation of a truly European circular economy by reducing the European waste problem and enabling viable business cases for European producers, including recyclers who are currently struggling due to the lack of demand for materials produced from secondary raw materials.

The Circular Economy Act (CEA) is expected to become a cornerstone of the EU's Clean Industrial Deal, reinforcing Europe's strategic autonomy, competitiveness, and sustainability through systemic circularity reforms. As outlined in the European Commission's consultation, the Act aims among others to establish a Single Market for secondary raw materials, harmonise end-of-waste (EoW) and by-product criteria, streamline extended producer responsibility (EPR) schemes. Cefic strongly supports these ambitions, recognising the need for regulatory coherence across EU legislation and enabling conditions for industrial symbiosis, innovation, and investment. By aligning circularity performance with competitiveness, the CEA can unlock the business case for circularity, scale up circular feedstocks, and support the transition toward a climate-neutral and resource-efficient European economy. Supporting the transition also requires recognising that measures proposed in the CEA public consultation may be relevant in the short term but less so in the long term, or vice versa. The consultation format, however, does not allow for these nuances to be reflected. With this in mind, Cefic calls for:

- **Establish a Single Market for secondary raw materials by harmonising end-of-waste and by-product criteria, by implementing a streamlined and future-proof extended producer responsibility schemes that support circularity across sectors.**
- **Scale up circular feedstocks to reinforce sustainable carbon cycles and support climate-neutral industrial transformation through harmonisation of sustainability criteria, circular content targets, and support for circular feedstock technologies.**
- **Enable technology diversity and tailored approaches across product value chains to reflect sector-specific needs.**
- **Strengthen the business case for circularity through coherent regulation and investment-friendly conditions that safeguard the competitiveness and resilience of European chemical industry and foster industrial symbiosis and innovation, including measures to speed up and streamline permitting for circularity-related solutions.**

## Policy recommendations

Europe should consider and implement a holistic and coherent policy framework that enables circularity as a core pillar of Europe's strategic autonomy vision. The combined policies must be geared to restore a competitive and sustainable industry and implement the critical success factors that enable circular markets to flourish. This will deliver the business case to innovate and scale up investments to build a thriving Circular Chemical Industry.

**Utilising end-of-life materials as raw materials would minimise the waste lost to incineration and landfills**

- 1) **Waste as a resource:** The Waste Framework Directive (WFD) should be effectively implemented across all EU Member States. A thorough evaluation of the WFD is needed to assess how it can be reoriented toward a more resource-focused framework that more structurally supports the circular economy. Currently, it is primarily focused on waste management, whereas a shift may be needed to focus more on retaining the value of end-of-life materials as a resource. This would enable the efficient use of waste-based raw materials substituting the use of virgin feedstock, thereby increasing our strategic autonomy. In addition, greater emphasis should be placed on the prevention element of the waste hierarchy, and not only on end-of-life treatment.
- 2) **Secure waste streams:** Minimise landfilling and incineration of recoverable municipal waste by accelerating the adequate implementation of the EU Landfill Directive (2018/850) and amend Annex I to include municipal waste incineration in scope of EU Emissions Trading System (ETS).
- 3) **Single Market for waste-based resources:** End-of-waste (EoW) criteria should be harmonised across the EU, enabling a uniform and clear interpretation/implementation on when waste becomes again a raw material, which can be valorised as resource. This will solve the hurdles and the legal uncertainty with transporting waste-based raw materials across the borders of EU Member States (if not even across regions within individual Member States). In particular, in absence of EU-EoW criteria, article 6.1 (d) of the Waste Framework Directive has been interpreted differently by national authorities, leading to fragmented decisions and an uneven playing field.

Additional guidance on EoW criteria could help provide clarity for the interpretation of the criteria and reduce the likelihood of misalignment within the Union. Once EoW status is achieved, applicable product related legislation (e.g., REACH), process-related and environmental legislation (e.g., IED), health and safety legislation provide sufficient guarantees for safe use and safe access to market.

There is a need for a simplified and streamlined approach to apply the EoW criteria for various waste streams. To drive EU-wide EoW criteria development, the European Commission shall establish a dedicated Forum (or Expert Group) for structured dialogue among Member States and stakeholders' representatives (both from industry and civil society). In this context, Member States should be able to initiate proposals for EoW criteria for specific waste streams to be discussed and adopted within the Forum following a defined process and timeline to ensure predictability and harmonization at EU level. Such a mechanism may foster consistent interpretation and harmonization of EoW criteria at the EU level. As a transitional step we call for mutual recognition of EoW authorisations issued by Member States (per Article 23 of the Waste Framework Directive) that should be improved. This should be complemented with an improvement of the Waste Shipment Regulation, supporting the scale up of recycling facilities via the sound intra-EU transboundary movement of materials at the end of their life.
- 4) **Green listed waste:**

To further facilitate the shipment of waste within the European Union, it is essential to expand the scope of waste types classified under the green list. By including more waste streams in this category, particularly those that pose low environmental risk and are destined for recovery operations, Member States can promote circular economy practices, enhance resource efficiency, and support the internal market for secondary raw materials. This approach aligns with the EU's sustainability goals and helps remove unnecessary barriers to trade in recyclable materials. However, adding strict thresholds for contamination could significantly impair the shipment of waste, even though technologies capable of treating materials with higher contamination levels might already exist in EU. A more balanced approach is needed, one that encourages innovation in waste treatment while maintaining environmental safeguards.

5) **Facilitate the shipment of waste:**<sup>1</sup> The new requirements of the Waste Shipment Regulation prevent intra-EU shipment of mixed plastic waste falling under the EU48 code, which now implies the application of the prior written notification and consent procedure. It is counterproductive to the Commission's objective of improving the functioning of the EU internal market for waste for all types of recycling and does not help in achieving the circular economy objectives at EU level. This increases the risk of different interpretations of the terms by the Member States, but also the administrative burden with consequent delays and costs increase for a type of waste that is not considered hazardous. EU48 category refers to non-hazardous plastic with contamination exceeding the current threshold, which may still be recycled thanks to the available technologies in the EU. Overall, shipment of plastics waste under PIC (Prior-Informed Consent) procedure should be facilitated, not complicated. There should be a simple and harmonised procedure to manage the administration related to notification and consent between Member States, particularly for the intra-EU shipment of mixed plastic waste falling under EU48 code. Also, the notions of "almost exclusively" and "almost free of contamination" in the revised Waste Shipment Regulation should be applied in the same way by all Member States. If different Member States apply different contamination thresholds for intra-EU shipment of plastic waste, this will hinder the free flow of mixed plastic waste and increase administrative burden.

6) **Extended Producer Responsibility (EPR):** Product-specific EPR schemes can play an essential role in efficient waste management and optimisation of recycling. The EPR scheme requirements and financing must be developed and managed in close collaboration with the obliged industry (e.g., via Producer Responsibility Organisations). EPR schemes need a certain level of harmonisation, simplification, and digitalisation (e.g., a digital one-stop shop for information, registration, and reporting) at EU level to enable upscaling of recycling, whilst still allowing local specificities adapted to the national and/or regional waste-related legislation, market conditions, and infrastructure.<sup>2</sup> Moreover, the creation of a centralised portal accessible to all competent authorities would eliminate the need for companies to appoint an authorised representative in each Member State. This requirement currently adds unnecessary complexity and cost without delivering tangible benefits to either companies or governments.

We request a further assessment of **eco-modulation** reducing EPR fees for products containing a sector-specific minimum share of circular input (where sectoral obligations exist this minimum share logically needs to exceed the prescribed one). This could take the form of a bonus system to reward above-compliance performance. The assessment should consider how eco-modulation can be aligned with the overall objective to improve the efficiency of waste management and optimise/maximise recycling. This approach better reflects the positive environmental contribution of such products and supports circularity, despite adding complexity to the system. Some Member States have already implemented comparable policies (e.g., France, Spain, Netherlands, partly Germany) and further examples from third countries/regions exist (Québec, California, Chile). EPR schemes need a certain level of harmonisation at the EU level to enable upscaling of recycling, but allowing also local specificities adapted to the national waste-related legislation, market conditions, and infrastructure. Therefore, we support a streamlined European approach to enable widespread modulation. As the pull effect will remain small considering the limited size of EPR, this policy can only complement other approaches. The logic of eco-modulation is not to set additional mandatory product requirements, which are defined by existing national or EU legislation and/or developed in different EU product legislations, but to provide positive incentives for using (a share of) circular content without legal obligation. Furthermore, the challenge of reduced financing for recycling

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<sup>1</sup> Text on waste shipment from the Cefic position environmental omnibus, link to be included.

<sup>2</sup> (Footnote to be deleted, but for the review process: From Cefic position on the environmental omnibus, this also reflects the selection in the questionnaire)

companies by modulating fees needs to be considered in the implementation, e.g., by introducing other support mechanisms, changing the amount of base fees or also introducing negative modulations. Experiences and learnings from different 5 jurisdictions already implementing eco-modulation should be incorporated to find ways to minimise bureaucratic burden and costs and reduce negative impacts on the recycling ecosystem. We consider the upcoming EU Single Market Strategy as a valuable opportunity to increase harmonisation of such financial incentives. All aforementioned financial incentives can be adjusted based on the stage of the transition, with a reduced need when economies of scale in low-carbon and circular production technologies have been reached and respective products have become more widespread.

Certain elements of Extended Producer Responsibility (EPR) should be regulated at EU level to ensure coherence and reduce administrative burdens for producers operating across borders. At the same time, national-level legislation remains essential to account for Member State specificities and preserve the effectiveness of existing systems. To support a minimum level of harmonization and ensure operational consistency across Member States, guiding principles should be established at EU level for producer responsibility organizations, particularly regarding governance, transparency, and performance monitoring.

Ensuring mandatory separate collection of organic waste across EU should be concretely carried on (as for article 22(1) of WFD), together with measures supporting the use of compostable plastic in selected applications. In order to achieve these goals, compostable plastics can play a role, since in selected cases, such as highly food soiled packaging, they can facilitate organic waste collection and increase compost quality, as confirmed by article 9 of Packaging and Packaging Waste Regulation (PPWR).

The introduction of dedicated EPR mechanisms should be evaluated for compostable packaging and products collected and recycled together with the bio-waste, also in line with the provision of articles 46 of the PPWR. Producer responsibility organisations should be actively involved in providing information to end users on the prevention and management of both bio-waste (as per Directive (EU) 2025/1892) and packaging waste. In this context, replicating successful national models could be a valuable strategy.

### Enhancing the use of circular feedstocks will strengthen more sustainable carbon cycles

#### 7) **Circular feedstocks (biomass-derived, waste-derived and carbon capture and utilisation (CCU) based):**

There is a need to harmonise criteria for sustainably sourced feedstocks, including certification schemes and definitions that address the different types of circular feedstocks across the value chain. This should be accompanied by the establishment of a clear calculation methodology and a verification system for biomass-derived, waste-derived and CCU content. To guarantee transparency and industry competitiveness, it is necessary to have scientifically robust and harmonised widely accepted methodologies at EU level that would cover the different types of feedstocks and products. Additionally, clarity must be provided on the mass balance chain-of-custody as a key enabler to contribute to circular content targets for chemically recycled, bio-attributed and CCU-based products. Mass balance is one of the well-known and widely used “chain of custody” models, as defined in ISO standard 22095. EU legislation should therefore recognize and embed mass balance approaches for chemically recycled, bio-attributed and CCU-based value chains to reduce uncertainty and signal long-term policy support.

#### 8) **Circular targets:** Include ambitious circular content targets for end products in product-specific legislations (e.g., ESPR) based on a thorough impact assessment by product application, including an analysis of the necessary framework conditions (availability of suitable materials, implications for safety and performance, costs on consumers) and the needs of the value chain. When setting targets, it should be ensured that these create a significant demand pull to foster investments in all types of circular feedstocks and technologies. Any circular content requirement should also apply to imported products

and be enforceable, a credible verification system must be in place to guarantee any claims related to imports. Cefic supports a general aspiration to track and increase the share of circular carbon sources in chemical and plastic products as formulated in the Commission's Communication "Sustainable Carbon Cycles". Moreover, selected uses of biodegradable and compostable products for specific applications, should be supported.

- 9) **Technology/Feedstock neutrality:** Ensure a level-playing field for all circular feedstock-related technologies to allow the EU chemical industry to transform and scale-up circularity. With recycled content targets already included in Single Use Plastic Products Directive (SUPD) and PPWR and possibly later in other product legislations, and targets for biomass-derived and CCU-based products being considered, it is important to include the calculation rules to allow all feedstock technologies to contribute to these targets. The use of targets to create market pull for circular feedstocks should be expanded with new targets supporting biomass-derived and CCU products as quickly as possible as these value chains need to be scaled up and require clarity to develop the necessary infrastructure. Efforts in this regard should be additional and should not compete with recycled content targets to avoid diluting incentives for investments to scale up the recycling infrastructure and jeopardizing investments in the biomass-derived, waste-recycling and CCU sectors.
- 10) **Chemical recycling:** There is the need for the legislative recognition of the calculation rules for chemical recycling, with a well-defined fuel-use exempt mass balance chain-of-custody, as a key enabler to contribute to recycled content targets and to support the investments done by the European industry. It is also important to have chemical recycling contributing to waste recycling-rate calculations across all member states. To ensure an affordable transition towards circularity, it is essential to maximize the use of existing infrastructure. By doing so, the industry can focus investments on expanding new complementary recycling capacities rather than duplicating current capabilities. It is necessary to leverage market readiness and consider economic factors.
- 11) **Biomass:** Consider duty-free imports of sustainably sourced biomass including bio-oils, bioethanol, and sugar, for chemical conversion to create a level-playing field for the European industry using biomass as circular feedstock. A credible verification system must be in place to guarantee the claims. If a unilateral liberalisation of the duties on listed products is not considered as feasible, we call for the liberalisation to be pursued in the context of FTA negotiations with partner countries that are able to provide the materials at competitive prices.<sup>3,4</sup>
- 12) **Carbon Capture and Utilization (CCU) and Emission Trading System (ETS):** The EU ETS should recognise non-permanent CO<sub>2</sub> capture and utilisation in products.

### Technology diversity and customised approach for each product value chain

- 13) **No 'one size fits all':** Avoid 'one size fits all' measures for end products. Whether it is via ESPR, PPWR, ELVR, CPR, or other policies, each product should be considered on its own when setting circularity requirements since the materials are designed different according to the performance the end application requires. The requirements at intermediate stages of the value chain should be avoided. Design requirements should always be at the end-product, and the value chain upstream will have to adjust.

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<sup>3</sup> See position paper "Sky-high EU sugar import tariffs and their negative impact on the EU fermentation industry" of the European Fermentation Group and the Cefic position paper "Cefic proposals for the Bioeconomy Strategy update".

<sup>4</sup> E.g. the negotiations with Thailand, Malaysia and Indonesia taking place in 2026



- 14) **Digital Product Passport (DPP):** Ensure an efficient implementation of the Digital Product Passport as a critical tool to communicate on a need-to-know basis relevant sustainability features of a product throughout the value chain. It should provide instructions to foster circular management and track and trace of substances of concern which are proven to hinder recycling processes, considering all recycling technologies.

### Upscaling circularity requires supporting the business case

- 15) **Implement market pull policies:** Additional measures are urgently needed to support the business case for investments in the transition in Europe. We propose exploring new instruments to enable end markets to contribute to the transition of the European chemical sector, next to targeted policy incentives, such as reduced Value Added Tax (VAT) rates and mandatory non-price criteria for Green Public Procurement (GPP). Enforcement of circularity related criteria set for the products is key to ensure successful implementation of the market pull measures.
- 16) **Increase EU's raw material resilience:** The EU should encourage utilisation of European-sourced and equivalent circular feedstocks from trusted trade partners to support high-standard market creation for raw materials. The different product legislations under development (e.g., Packaging and Packaging Waste Regulation (PPWR), End-of-Life Vehicles Regulation (ELVR), Ecodesign for Sustainable Products Regulation (ESPR) can be considered as policy tools to create a market demand for these feedstocks and ensure free and fair trade. To this aim, The EU should also ensure a timely implementation of equivalency clause to ensure a fair level playing field<sup>5</sup>.
- 17) **Minimum EU content requirements<sup>6</sup>:** Wherever policy creates new market opportunities, it is key to ensure that European producers can get their “fair share”. With global competitors already deploying local content rules, Europe should consider a similar move, following a balanced and targeted approach to complement other demand creation tools: align incentives with sustainability goals, respect trade rules, and tailor criteria to complex value chains. EU preference, where appropriate, needs to act as a catalyst - not a constraint - for innovation, resilience, and competitiveness. However, there are important trade-offs, and such criteria require careful assessment. As elaborated in Cefic's [paper on European preference](#), this includes the right value-chain inclusive definition, effects on trade relations and international obligations, as well as impacts on existing supply chains and the competitiveness of downstream users. Where feasible, any such policies should be opened to Free Trade Agreement partners, based on reciprocity. Transparent justifications are furthermore needed. In the context of circular content quotas, policymakers should avoid setting requirements for which demand is unlikely to be matched with (European) supply availability.
- 18) **NACE codes (Del. Reg. 2023/137):** Dedicated NACE sub-codes should be created for industries manufacturing biomass-derived, CCU-based and recycled products, which are currently grouped under traditional sector codes. The absence of sub-codes prevents the recognition of the unique characteristics and needs of industries that use biomass, CCU-based and recycled materials to reduce reliance on fossil resources and address environmental challenges. This limits the acknowledgment of the environmental and social value of circular economy (bioeconomy, recycled, CCU) products, and hinders their effective inclusion in EU policies. This is not merely a statistical concern: NACE sub-codes are essential for

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<sup>5</sup> The EU should also ensure a timely implementation of equivalency clause to ensure a fair level-playing field. (See: <https://cefic.org/resources/cefic-views-on-circular-carbon-feedstock/>).

<sup>6</sup> Main parts are taken from: [Cefic views on EU preference criteria in demand creation policies - cefic](#)

designing targeted fiscal and administrative measures. For example, under Italian law, sludge from bioeconomy processes using plant-based inputs is classified under the chemical sector and cannot be used in agriculture, despite having the same properties as sludge from agribusiness. This leads to the disposal of a valuable byproduct that could return nutrients to the soil. Dedicated NACE sub-codes would remove such barriers and unlock the potential of bio-based products.

- 19) **Trade facilitation:** Engage with efforts at the World Trade Organisation (WTO) (through the Trade Facilitation Agreement) as well as work with Basel and the World Customs Organisation (WCO) to streamline customs treatment of feedstock/raw materials for recycling as well as trade in recycled products. Identifying clear procedures for trade in high-standard material will encourage development of markets and investment in recycling technology. Options to consider would be fast track or expedited treatment of feedstock that sources critical recycling operations.
- 20) **Greening of customs:** Explore the development of “Green Customs”, by integrating circularity criteria into customs procedures to facilitate trade and uptake in circular products building on initiatives from the WCO and WTO. For instance, this could be achieved via the development of automated and expedited customs procedures for sustainably classified products.
- 21) **Make the EU taxonomy more accessible:** Simplify the EU Taxonomy framework and avoid overly prescriptive and restrictive technical screening criteria currently undermining its implementation and usability (e.g., unfeasibility for plastics in primary form in activity 3.17 of the Climate Delegated Act to be “fully manufactured” by chemical recycling of plastic waste<sup>7</sup>, criteria in Appendix C of the generic criteria for Do No Significant Harm (DNSH) for pollution prevention and control going beyond EU chemical legislation).
- 22) **Facilitate First of a Kind projects:** Ensure a smart EU innovation framework that includes increased and simplified access to EU and Member State funding for not only technologies with higher technology readiness levels (TRLs), but also to transfer from demonstration to First of a Kind (FOAK) industrial projects.
- 23) **De-risk scale ups:** Create funding options and incentives to de-risk scale-ups from demonstration to first-of-a-kind circular industrial projects, including the Innovation Fund, Horizon Europe, and the Recovery and Resilience Facility under NextGenerationEU.
- 24) **Build circular skills capacity:** The chemical industry is central to Europe’s circular economy, but its transition demands a focused workforce strategy. The Circular Economy Act should advance a Circular Skills Strategy aligned with the EU Pact for Skills and the Transition Pathway for Chemicals to reskill workers in chemical recycling, bio-based production, and digital traceability. Strong industry–academia–social partner collaboration will safeguard competitiveness and quality jobs across Europe’s chemical regions.
- 25) **Build circular infrastructure:** Use Recovery and Resilience Facility Funds for circular infrastructure and assure a continued support. To foster Europe’s leadership and competitiveness in circular economy, it is essential to develop and accelerate the scale up of a synergistic and optimized ecosystem that enables

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<sup>7</sup> Criterion (b) of the activity 3.17 *Manufacture of plastics in primary form* implies that the plastic in primary form has to be fully manufactured with recycled feedstock in order to be Taxonomy aligned. However, a line of production (cracker) 100% non-fossil based is practically not feasible since virgin feedstock is always required. The activity 3.17 manufacture of plastics in primary form should encourage a progressive increase in the proportion of chemical recycled input in the production process.



cascading recycling approach across industries and regions leveraging regional diversity and specialisation, as each EU region's unique industrial base and resource profile create distinct advantages.

To support this transformation, we propose the following strategic actions:

- a. Encourage and financially support Member States in launching an Important Project of Common European Interest (IPCEI) for building a competitive circular economy ecosystem to 1) Address market failures in transitioning from linear to circular systems. 2) Leverage significant spillover effects across industries and regions.
  - b. Establish Trans-Regional Circularity Hubs as physical spaces or virtual platforms where businesses, researchers, and public institutions can collaborate to 1) Enable shared use of CE infrastructure and data. 2) Facilitate industrial symbiosis and cross-sector innovation. 3) Close resource, energy, and data loops at regional and European levels.
  - c. Use Circularity Hubs as regulatory sandboxes to 1) Test and validate circular technologies at higher speed. 2) Enable joint regulatory learning between governments and businesses. 3) Ensure that regulations are fit for innovation and do not hinder scalability.
- 26) **Speed up and streamline permitting circularity-related solutions:** Make governments, from local, regional to national level, aware of the sense of urgency to accelerate permitting processes for new industrial projects and infrastructure supporting the transition to a circular economy. Address also the challenges related to the implementation of innovative solutions and new technologies into production facilities having long-term permits, as the hurdles for transitioning to circular concepts are immense (for example, when implementing innovative production technologies or using secondary material streams). The Commission could e.g. implement measures to ensure that permitting timeframes are reasonable and that a decision on an initial permit application does not take longer than one calendar year. **The procedures related to food contact materials are an example of those requiring simplification.** To further support the circular economy, assessments of new recycling technologies—particularly for food contact materials—should be accelerated. The current process, which involves lengthy EFSA opinions followed by Commission decisions, creates delays and undermines the business case for innovation. Streamlining this process, without compromising scientific rigour, would reduce investment uncertainty and support the deployment of emerging recycling solutions.
- 27) **Embed a dedicated fund in the Multiannual Financial Framework 2027–2034:** For those technologies and products manufacturing sectors mentioned in the Strategic Agenda 2024-2029, ensuring that the clean technologies by the chemical industry are adequately represented, both in a dedicated fund as well as in relevant R&I funding calls. Apply blended finance (inspired by InvestEU) and integrate European and national/regional funding schemes.

We look forward to working with the Commission to ensure that the Circular Economy Act becomes a cornerstone of Europe's Clean Industrial Deal and a catalyst for circular transformation across sector.

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**About Cefic**

Cefic, the European Chemical Industry Council, is the forum of large, medium and small chemical companies across Europe, accounting for 1.2 million jobs and 13% of world chemicals production.

On behalf of its members, Cefic's experts share industry insights and trends, and offer views and input to the EU agenda. Cefic also provides members with services, like guidance and trainings on regulatory and technical matters, while also contributing to the advancement of scientific knowledge.

# The Role of Public Procurement under the Circular Economy Act

**Summary:** By leveraging their purchasing power, governments and public institutions can create and support demand for circular<sup>8</sup> and low-carbon materials<sup>9</sup>, as elaborated in Cefic's [position paper](#) on the public procurement revision. Such a contribution to a steady and minimum demand for more sustainable products would not only support the transition of European industries but also foster innovation and economic growth. **Cefic believes that [demand creation policies](#) are urgently needed to support the business case for the transition to low-carbon and circular production in Europe; however, such policies shall go beyond public procurement.**

Authorities can implement green public procurement (GPP) policies that set criteria for the environmental performance of products and services. These criteria can include the use of circular (biomass-<sup>10</sup>, recycled-, CCU derived) and low carbon materials (defined by their Product Carbon Footprint) in final products, lifecycle assessments, and certifications, as appropriate for the specific product category. The concrete selection of appropriate mandatory minimum criteria per product category should include market considerations, strategic industrial policy decisions, and socio-economic factors. Additionally, training and capacity-building initiatives can help to educate procurement officers and suppliers about the benefits and availability of circular and low-carbon materials.

Exhaustive research, publications, and guidelines already exist that indicate best practices, provide information about specific products, and, in general, provide instruction for public institutions on how to implement green public procurement for circular products. Among others, specifically for biomass-derived products, see <sup>11 12 13 14</sup>.

Different EU Member States are implementing GPP policies. Examples include the Spanish Green Public Procurement Plan 2025-29, the Dutch Manifesto for Socially Responsible Commissioning and Purchasing, the Italian Action Plan for the Environmental Sustainability of Consumption in the Public Administration Sector, the recent Spanish initiative on green public procurement under the State Pact on Climate Emergency, or the

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<sup>8</sup> In line with the definition of circular carbon, i.e., all carbon not derived from a virgin fossil feedstock, and which is currently present in the biosphere, atmosphere and anthroposphere. This includes biomass, waste and recycled materials, CO<sub>2</sub> captured from industrial processes or from the atmosphere, even if they originally come from a fossil source. See Cefic [paper](#) on the topic.

<sup>9</sup> Low-carbon products are defined by their product carbon footprint (or equivalents). Circular products, in the context of this paper, refers to products using waste-, biobased, and CO<sub>2</sub>-based raw materials.

<sup>10</sup> Biomass-derived products are products wholly or partly derived from biomass, encompassing bio-based and bio-attributed products. Bio-based products are those for which the share of bio-based content can be measured via established radiocarbon methods. These may be fully or partially bio-based. Bio-attributed products are those for which the use of bio-based feedstocks, substituting part of the raw material needed in the manufacturing process, has been attributed to the product via the mass balance method and is certified according to a third-party certification scheme.

<sup>11</sup> [SUSTAINABLE PROCUREMENT PLATFORM | Sustainable Public Procurement](#)

<sup>12</sup> [Green Business - Library](#)

<sup>13</sup> [Bringing Bio-Based into Green Public Procurement: Lessons from Catalonia and Zeeland - Bioregions](#)

<sup>14</sup> [Guidance for bio-based products in procurement - European Commission](#)

German requirement to consider lifecycle GHG emissions in procurement. While EU legislation, such as the Net-Zero Industry Act (NZIA), the Industrial Decarbonisation Accelerator Act (IDAA), or the Ecodesign for Sustainable Products Regulation (ESPR), aim at creating streamlined mandatory GPP requirements in certain areas, a harmonised approach at the European level is so far missing. In this context, coherence between targeted initiatives, including under the Circular Economy Act (CEA) and the revision of the procurement directives, which can create common requirements, is key. Specifically for biobased products, countries like the US already have a longstanding (since 2002) dedicated public procurement program, namely the so-called [US Biopreferred](#). The dedicated website contains useful information, including a list of 139 product categories, infographics, and a company mapping feature, among other resources.

We recommend leveraging knowledge that is already available, both inside and outside the EU, and adapting it to yield a fit-for-purpose green public procurement proposal. A coordinated and coherent approach between different initiatives to that end, in particular the revision of the Public Procurement Directives, the Circular Economy Act, and the Ecodesign for Sustainable Products Regulation, is crucial.

To this end, we propose the following implementation.

## Setting up the system

- List all sectors and products that should be included in the GPP tendering process.
- Establish category or product fact sheets listing the minimum product-specific criteria.
- Make the inclusion of GPP criteria mandatory for all public contracting authorities in tenders for products belonging to the selected sector/categories.
- Minimum criteria that should be included, where appropriate for the specific product category, should be based on a combination of the following elements:
  - Being a circular product (using waste-, bio-, or CCU-based raw materials as feedstock) and the share of circular material used<sup>15</sup>.
  - Product Carbon Footprint<sup>16</sup> of the final product or components of final products (where applicable) along the value chain.
  - Minimum EU content requirements in procurement, in line with international obligations<sup>17</sup>, and considering the whole value chain.
  - End-of-life criteria.
- The selection of concrete appropriate criteria per product category should also be adjusted based on industrial transition, market and affordability priorities.
- Provide support to national and local authorities in the implementation of GPP. The support could be in the form of documentation (guidance material, fact sheets, best practices, ...) and/or through structured training programs helping procurement teams build the necessary knowledge and competence, and identify products available on the market meeting the minimum criteria.
- Foresee an adaptation phase during the initial implementation of the updated GPP rules.

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<sup>15</sup> Policy-makers could additionally create aspiration figures to be reached by a certain year which can guide the implementation of requirements.

<sup>16</sup> Or equivalent.

<sup>17</sup> Which can mean that rather being a “strict” EU preference, the criterion should also include partner countries implementing the WTO Agreement on Government Procurement (GPA) or Free Trade Agreement partners where a procurement chapter has been concluded.

- Since GPP may be a brand-new concept for some public authorities, pilot testing of procurement and supporting the implementation of monitoring criteria allowing for continuous improvement should be foreseen.
  - To this end, introduce a form of regulatory sandboxes to allow procurement authorities to test.
- Define possible exemptions and flexibility from Green Public Procurement Rules on grounds of technological or market limitations and excessive costs to allow the system to remain effective without compromising the functionality of public procurement.
- Develop a supply and demand IT tool, so capacity build up and investments decisions can be accelerated, while price can be reduced due to acceleration of economy of scale.

## Evaluating tenders

EU GPP guidelines should set a minimum weight and score to be assigned to at least some of the mandatory non-price criteria identified per product category (e.g., share of circular material used). Minimum EU content, in line with international obligations, and considering the whole value chain, should be a pre-qualification criterion where appropriate. EU GPP guidelines should be flexible enough. If EU content is not available for certain types of materials. This should provide sufficient flexibility to account for the fact that a multitude of products with different properties need to be purchased, ranging from bitumen to plates and cutlery to road furniture and cleaning products. A clear scoring system should also provide the necessary transparency to the procurement process. To prevent unintended negative effects on EU industries, criteria should be material-neutral and avoid favouring one material over another (e.g., plastics vs. paper) but focus on the objective, science-based sustainability characteristics of the products, such as circularity and carbon footprint. Furthermore, to create a level-playing field, the EU needs to ensure that imported goods (or services) eligible for public procurement, where applicable, fully comply with the set requirements.

It should be recognised that some products, like packaging, can originate from different circular carbon sources or a combination of them (e.g., recycled and biomass-derived), while for others, like detergents, they mainly originate from one circular carbon source (e.g., biomass-derived). The GPP scoring system and criteria should be able to account for these cases.

When dealing with circular products, public authorities may be dealing with relatively novel products and markets, sometimes requiring different specifications compared to their conventional counterparts. Therefore, too restrictive, overambitious, and detailed specifications should be avoided to allow tenderers/bidders space for innovative and more adaptable approaches.

- First of all, any product, regardless of its origin, should match the desired performance for the product usage. This could be a cut-off criterion.
- The overall selection criteria should favour environmental performance over lowest-cost only, or at least give a significant value to environmental performance criteria.
- Additional points should be awarded if a product exceeds the minimum requirements (e.g., through the implementation of a stepwise or tiered approach).

A fictional example, adapted from the InnProBio good practices <sup>18</sup>, solely to illustrate how such a scoring system could look, the range of parameters that a public authority may need to handle, and the necessity of flexibility to adapt to the local requirements, is reported in the box below.

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<sup>18</sup> [InnProBio Goodpracticecase Skane.pdf](#)

## EXAMPLE

*Disclaimer: values and characteristics are chosen purely to illustrate a potential implementation and are not a position or endorsement by Cefic.*

A public hospital needs to purchase disposable items such as surgical gloves. Important factors for the hospital, specified in the tender, are:

- Technical performances (e.g., cut and puncture resistance, sterility assurance,...).
- Share of European production for the final product or for components of final products (where applicable) along the value chain.
- The supply should be recurring and timely executed; therefore, supply timing and supply reliability are key.
- The hospital aims to reduce its environmental impact and evaluated that 10-15% of its impact is determined by disposable products. Therefore, lifecycle product carbon footprint and the use of circular materials for the gloves are relevant.
- The hospital does not have an infinite budget for gloves, hence the price is a key parameter.

The weighing given to the different tender requirements, to evaluate different bidders, could for example, be:

- Performance, minimum EU production: cut-off criteria
- Price (40% of total score)
- Function, design, and quality of gloves beyond the minimum performance (5% of total score)
- Lifecycle product carbon footprint of the final product (25% of total score). Supposing that the minimum for EU GPP is 20%.
- Share of circular material<sup>19</sup> (20% of total score). Supposing that the minimum mandated share from EU GPP for that product category is 25% and that the minimum weight factor is 20% of the total score, the hospital decided that a higher proportion would be awarded following a bonus/malus system.
- Delivery time from order and timing of delivery for recurring orders (10% of total score)

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<sup>19</sup> As elaborated in the [Cefic position on the Bioeconomy Strategy](#), we support separate targets for recycled- and biomass-derived products. The share of circular material is the general criteria to be adjusted by product category or as mandated in specific product legislation, e.g. PPWR.



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**About Cefic**

Cefic, the European Chemical Industry Council, is the forum of large, medium and small chemical companies across Europe, accounting for 1.2 million jobs and 13% of world chemicals production.

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